

SENATE BILL NO. 951

February 26, 1998, Introduced by Senator SCHUETTE and referred to the Committee on Economic Development, International Trade and Regulatory Affairs.

A bill to amend 1939 PA 280, entitled "The social welfare act," (MCL 400.1 to 400.119b) by adding section 57k.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 57K. (1) THE DEPARTMENT SHALL OPERATE A PROGRAM ALLOW-
2 ING AN INDIVIDUAL ELIGIBLE FOR FAMILY INDEPENDENCE ASSISTANCE TO
3 ESTABLISH AN INDIVIDUAL DEVELOPMENT ACCOUNT FOR FIRST-TIME HOME-
4 BUYERS IN ACCORDANCE WITH THIS SECTION. THE DEPARTMENT SHALL
5 DISREGARD FUNDS, INCLUDING ACCRUED INTEREST, IN AN INDIVIDUAL
6 DEVELOPMENT ACCOUNT IN DETERMINING THE INDIVIDUAL'S ELIGIBILITY
7 FOR FAMILY INDEPENDENCE ASSISTANCE AND THE AMOUNT OF THE GRANT
8 THE INDIVIDUAL RECEIVES.

9 (2) AN INDIVIDUAL WHO IS ELIGIBLE TO RECEIVE FAMILY
10 INDEPENDENCE ASSISTANCE, OR ANOTHER PERSON ON BEHALF OF THAT
11 INDIVIDUAL, MAY ESTABLISH AN INDIVIDUAL DEVELOPMENT ACCOUNT OF

1 NOT MORE THAN \$4,000.00 FOR THE PURPOSE OF ACCUMULATING FUNDS FOR
2 A QUALIFIED PURPOSE DESCRIBED IN SUBSECTION (3). AN INDIVIDUAL
3 SHALL ONLY CONTRIBUTE MONEY TO THE INDIVIDUAL DEVELOPMENT ACCOUNT
4 THAT IS DERIVED FROM EARNED INCOME, AS THAT TERM IS DEFINED IN
5 SECTION 911(d)(2) OF THE INTERNAL REVENUE CODE OF 1986. THE
6 INDIVIDUAL SHALL WITHDRAW MONEY FROM THE INDIVIDUAL DEVELOPMENT
7 ACCOUNT ONLY FOR A QUALIFIED PURPOSE DESCRIBED IN SUBSECTION
8 (3).

9 (3) AN INDIVIDUAL WHO HAS ESTABLISHED AN INDIVIDUAL DEVELOP-
10 MENT ACCOUNT UNDER THIS SECTION MAY WITHDRAW AND EXPEND FUNDS
11 FROM THE INDIVIDUAL DEVELOPMENT ACCOUNT ONLY FOR PAYMENT OF QUAL-
12 IFIED ACQUISITION COSTS WITH RESPECT TO A QUALIFIED PRINCIPAL
13 RESIDENCE FOR A QUALIFIED FIRST-TIME HOMEBUYER, IF PAID FROM AN
14 INDIVIDUAL DEVELOPMENT ACCOUNT DIRECTLY TO THE PERSONS TO WHOM
15 THE QUALIFIED ACQUISITION COSTS ARE DUE.

16 (4) AS USED IN THIS SECTION:

17 (A) "DATE OF ACQUISITION" MEANS THE DATE ON WHICH A QUALI-
18 FIED FIRST-TIME HOMEBUYER ENTERS INTO A BINDING CONTRACT TO
19 ACQUIRE, CONSTRUCT, OR RECONSTRUCT THE QUALIFIED FIRST-TIME
20 HOMEBUYER'S PRINCIPAL RESIDENCE.

21 (B) "INDIVIDUAL DEVELOPMENT ACCOUNT" MEANS A TRUST CREATED
22 OR ORGANIZED IN THE UNITED STATES THAT IS FUNDED THROUGH PERIODIC
23 CONTRIBUTIONS BY THE ESTABLISHING INDIVIDUAL IN ACCORDANCE WITH
24 THIS SECTION AND THAT MAY BE MATCHED BY OR THROUGH A QUALIFIED
25 ENTITY FOR A QUALIFIED PURPOSE DESCRIBED IN SUBSECTION (3).

26 (C) "QUALIFIED ACQUISITION COSTS" MEANS THE COSTS OF
27 ACQUIRING, CONSTRUCTING, OR RECONSTRUCTING A QUALIFIED PRINCIPAL

1 RESIDENCE. THE TERM INCLUDES ANY USUAL OR REASONABLE SETTLEMENT,
2 FINANCING, OR OTHER CLOSING COSTS.

3 (D) "QUALIFIED ENTITY" MEANS EITHER OF THE FOLLOWING:

4 (i) A NOT-FOR-PROFIT ORGANIZATION DESCRIBED IN SECTION
5 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1986 AND EXEMPT FROM
6 TAXATION UNDER SECTION 501(a) OF THAT CODE.

7 (ii) A STATE OR LOCAL GOVERNMENTAL AGENCY ACTING IN COOPERA-
8 TION WITH AN ORGANIZATION DESCRIBED IN SUBPARAGRAPH (i).

9 (E) "QUALIFIED FIRST-TIME HOMEBUYER" MEANS A TAXPAYER AND,
10 IF MARRIED, THE TAXPAYER'S SPOUSE WHO HAS NO PRESENT OWNERSHIP
11 INTEREST IN A PRINCIPAL RESIDENCE DURING THE 3-YEAR PERIOD ENDING
12 ON THE DATE OF ACQUISITION OF THE QUALIFIED PRINCIPAL RESIDENCE
13 TO WHICH THIS SECTION APPLIES.

14 (F) "QUALIFIED PRINCIPAL RESIDENCE" MEANS A PRINCIPAL RESI-
15 DENCE WITHIN THE MEANING OF SECTION 1034 OF THE INTERNAL REVENUE
16 CODE OF 1986, THE QUALIFIED ACQUISITION COSTS OF WHICH DO NOT
17 EXCEED 100% OF THE AVERAGE AREA PURCHASE PRICE APPLICABLE TO THAT
18 RESIDENCE, DETERMINED IN ACCORDANCE WITH PARAGRAPHS (2) AND (3)
19 OF SECTION 143(e) OF THE INTERNAL REVENUE CODE OF 1986.